

Businesses fret Malloy's tax increases

HBJ PHOTO | BRAD KANE



Gov. Dannel P. Malloy's proposed budget increases the tax burden on businesses.

By Brad Kane

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Facing a slower than expected economic recovery, Gov. Dannel P. Malloy is asking businesses to pay more in taxes and fees to help close billion-dollar budget deficits over the next two fiscal years.

Although the Democratic governor insists his two-year, \$40 billion spending plan does not constitute a tax increase, the state's chief business lobby is warning state lawmakers that if Malloy's tax proposals are made law, it could have a cooling effect on the economy, hindering investment

just as employers show signs of hiring more workers.

Connecticut added 26,700 jobs in 2014, the strongest growth since 1998.

"It really takes a shot at business confidence in the state," said Joe Brennan, president and CEO of the Connecticut Business & Industry Association. "These tax increases discourage investment in the state ... It could put the brakes on the recovery in Connecticut."

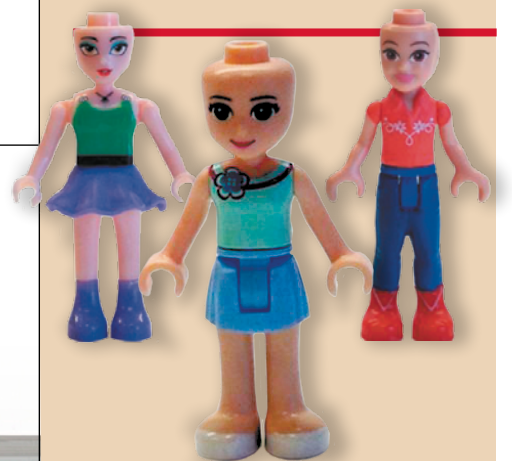
Malloy's budget, which increases spending by 3 percent in each of the next two fiscal years, proposes a myriad of tax changes,

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Executive Profile

Read how Tony Amenta helped save his Hartford architecture firm from a tough recession by changing the company's strategic focus. **PG. 5**



Child's Play

Danish toymaker Lego, which has its U.S. headquarters in Enfield, is waging two federal court battles in Connecticut to fend off competitors it says are infringing on its famous toy blocks. **PG. 14**

Small Tenants, Big Returns

Find out what strategy one landlord used to fill Simsbury's historic Landmark Building. **PG. 3**

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SPACE JOCKEYS

Demand, not rents, leads rebirth in Hartford's industrial market

By Gregory Seay

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A few months back, Kim Gajewski went shopping around the Hartford market for a bigger distribution-warehouse than the one her employer, freight-forwarder Pilot Freight Services, currently occupies in Granby.

It didn't take long for Gajewski, a Pilot regional vice president, to find 44,000 square feet in Windsor — nearly triple the size of the company's Granby freight terminal on Kripes Road — in a relatively new building in the New England Tradeport, owned by major Connecticut commercial landlord Griffin Land.

The space is larger than what she and her boss originally had in mind, Gajewski says. But for just a bit more in rent, Pilot leased the newer digs to be in proximity of one of its biggest shippers, online retail giant Amazon.com, which just built a sprawling 1.5 million-square-foot fulfillment center off Day Hill Road. Amazon uses Pilot to ship TV sets, fitness equipment and other bulky merchandise to shoppers in the region.

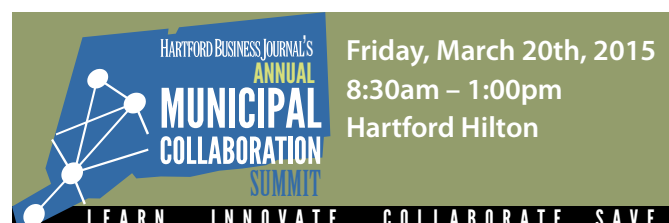
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PHOTO | PABLO ROBLES



Amazon.com's 1.5 million-square-foot Windsor fulfillment center off Day Hill Road is the biggest custom-built industrial warehouse-distribution facility in the Hartford region in years, brokers say. At the smaller end, industrial buildings sized 35,000 to 45,000 square feet are in vogue but vacancies and old age are depressing rents in that segment.

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PHOTOS | PABLO ROBLES

Simsbury landlord David Richman bought The Landmark Building in town last summer. After some improvements, he has filled the ornate building with local tenants like hair salon owner Allie Ashmore, whose space was once a bank vault.

Small tenants, big returns for this CT landlord

By Gregory Seay
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For nearly a century, The Landmark Building at 760 Hopmeadow St. has been a visible anchor in Simsbury Center. Originally built in 1917 to house then-fledgling Simsbury Bank & Trust, the Colonial Revival structure's 14,000 square feet through the decades also has sheltered various other businesses and been renovated several times. But last summer, six months after Simsbury Bank relocated its remaining corporate staff to larger offices in town, at 86 Hopmeadow, The Landmark's long-time owners put it up for sale. That's when it caught the determined eye of Simsbury investor-landlord David Richman, whose Connecticut realty holdings include another retail-office building just up the street. "I saw this building sitting here for about six months," Richman said. "It was sitting empty. I told my wife this is the nicest building I've ever seen. I told her we're going to buy this building. She said, 'What?'" He met with owner Landmark Partners, who bought it in 1993 to house its realty investment operations. After the bank moved out, Landmark put it up for lease or

sale, but with few nibbles. "They were looking for the one tenant," Richman says of the previous owners. "They don't exist in this market." Buyer and seller settled on a \$1 million price for the fully furnished, three-level building, with an extra \$100,000 due once it reached full occupancy. Since then, Richman, who claims to have developed a keen eye about what will work and won't in repositioning office and retail spaces, has reached his primary goal to fill the once-empty building. Six months after buying the property on credit, it is 100 percent leased with small, locally sourced tenants. So, too, is his other building next door, at 730 Hopmeadow. "You've got to have a plan, a strategy," Richman said, leading a visitor on a recent tour of The Landmark, listed on the National Register of Historic Places since 1986. In addition to realty investing, Richman also specializes in matching people eager to own or invest in a business with sellers. His original vision always was to reposition The Landmark to cater to small tenants, offering pint-sized suites with shared common spaces, starting at \$450 a month for a 12-foot by 15-foot block. But his plans quickly morphed.

Bloomfield plastic surgeon Patrick R. Felice partnered with Richman to buy The Landmark, where Felice, too, is a tenant. Two capital-investment firms in which Felice is a founding principal — RS Capital and SimCap — plus a third affiliate, PC Benefits and Planning, occupy about half the building's 14,000 square feet. "I had in my mind I wanted to put my companies in there," said Felice. "That building is just classic." The building's highly detailed but conservative interior décor, featuring hallway chandeliers and wainscoting on walls — remnants from its days as a bank building — convey an air of stability when RS and SimCap court billion-dollar fund managers to invest assets with them. Also, ownership of such a recognized office building, he said, makes him feel like he's preserving a piece of local history.

The Hartford's campus

Three miles away from The Landmark building, at 200 Hopmeadow St., in the town's Westogue section, sits another Simsbury office building. At 641,000 square feet, this one significantly dwarfs The Landmark's space footprint. The Hartford Financial Services Group Inc. has had its sprawling 173-acre campus on

the market for more than a year. Richman said he has no interest in buying the The Hartford's property, but he does have some ideas for repositioning it. "The Hartford should donate it to UConn. I would make a campus there," he said. "I would make it an education campus." Yale, University of Hartford, Tunxis Community College also should consider locating classrooms in the building, he said. Richman's other suggestion for the site: Declare the building and land an enterprise zone for startup businesses. Hartford Life moved some of its operations into a newer office building in Bloomfield, and is set to fully vacate its Simsbury campus a year from now. Last summer, Simsbury, working with The Hartford and listing agent CBRE-New England, devised a form-based code for the property in which all the zoning and design parameters for a particular development — from the usage, density and height limits of on-site structures to the number of parking spaces — have all been approved up front. This is meant to make the property more attractive to buyers-investors.

Continued ▶

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Richman

Simsbury town planner Hiram Peck said the municipality has been approached by several unidentified colleges about converting The Hartford's Simsbury facility into an education campus.

However, the town disdains the potential loss of property-tax revenue from converting the insurance campus to a site populated by education nonprofits that are exempt from real and personal property taxes, Peck said.

As for designating the campus property a business-startup enterprise zone, Peck said the town doesn't have the money to subsidize operating the property. Nor, he said, has anyone else stepped forward to bootstrap such a project.

Hedge trimming

According to Richman, he's a second-generation real estate investor, after his father. The younger Richman bought his first property — an apartment building — at age 23. His

other varied business interests include a business brokerage, and at one time he owned a benefits firm that he later sold.

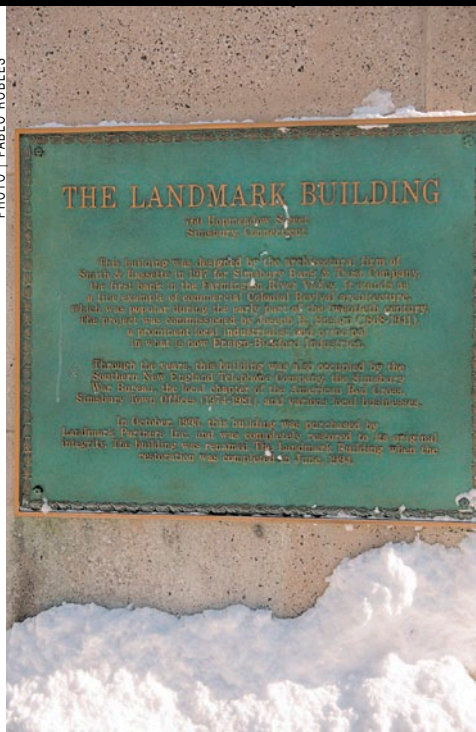
Richman, 55, describes himself as a hands-on landlord. One recent day, he talked with one of his newest tenants about tweaking the time of day when cleaning staff is least likely to interfere with the office's client interactions. And that's not all.

"I do all the landscaping myself," Richman says of his properties that also are in Granby and Avon, among others. "Trimming the hedges and bushes."

Not all of his investments pan out, however. In 2010, he was forced to turn over to lenders a storage-rent property he bought because the property's revenues couldn't sustain his debt service.

"Why did I buy this building?" Richman said, referring to his recent Simsbury purchase. "It's a fantastic long-term asset." ■

PHOTO | PABLO ROBLES



Landmark's heritage plaque is detailed.

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Tony Amenta

Position: Principal and president, Amenta Emma Architects

Highest Education: Bachelor of Architecture, University of Notre Dame

Executive Insights:

Amenta said one successful leadership trait he learned early on was the importance of hiring the right people and delegating tasks that are outside of his scope of knowledge.

PHOTO | CONTRIBUTED

Tony Amenta stands inside the Trumbull Street office of his Hartford architectural firm, which he, and his business partner Bob Emma, started about three decades ago.

Amenta's high expectations set tone for Hartford architectural firm

By Sheena Butler-Young
sbutler@HartfordBusiness.com

When Tony Amenta and his college buddy, Bob Emma, rented a 600-square-foot downtown Hartford office space 30 years ago to start a fledgling architecture firm, their success might have been a longshot.

In fact, employees at a construction company in the same Wyllis Street building took bets on how quickly the startup would fail.

But that didn't phase Amenta, who says he's always had high expectations to build a strong business.

Today Amenta, principal and president of Amenta Emma Architects, says although his firm has had to weather some turbulence — namely the 1989 recession when Amenta and Emma downsized the firm drastically to just three people — it's stronger and more stable than ever before.

Recently, the firm has landed major contracts, including a multi-million dollar renovation to the state office building on Capitol Avenue and Washington Street, and plans to ramp-up hiring this year.

Running an architectural firm in a slow economic-growth region remains a challenge — mainly because it limits job opportunities — but it's something Amenta said he's been able to manage.

"You can't let the environment you're in be a brick wall to your ability to succeed," he said.

Amenta said one successful leadership trait he learned early on was the importance of hiring the right people and delegating tasks that are outside of his scope of knowledge.

"You don't get trained to be a business person when you're in architecture school," said Amenta. "I think some of our [early] failures had to do directly with the fact that we didn't understand how business works. As someone with an entrepreneurial spirit, I thought it meant I had to figure everything out myself."

Following tough times from the early '90s recession, Amenta said he and his business partner hired a growth strategist to revamp the firm's approach to the market and help get the business back on its feet.

Effective changes included redefining job descriptions: Amenta and Emma agreed to relinquish some of their duties and delegate them to staff. Those changes remain in effect to this day, Amenta said.

Since then, Amenta said he's tailored his

"lead-by-example" leadership approach and the firm has been more successful: they've opened offices in Cambridge, Mass. and Stamford; were one of a select few firms to work on the Connecticut Convention Center; and landed dozens of projects at West Hartford's Blue Back Square.

"I remember during our darkest days [our growth strategist] told us we would grow from our then annual sales of \$600,000 a year to over \$5 million. At the time we thought that was the funniest thing we ever heard. We were laughing hysterically. But we have been fortunate to have passed that figure years ago now."

As a leader, Amenta said he tries to infuse others with the same passion he has for doing his best.

"There's not one aspect of this business that I don't enjoy and I want others to feel that," he said.

Amenta said his drive to succeed was honed in childhood when his parents set high expectations.

"I was a celebrated young person," said Amenta, who was president of his first grade class. "My dad was an amazingly hardworking auto mechanic with his own business and my mom always insisted that I come home with 'A's' on my report card."

Amenta said his parents were masterful at "building esteem and demanding work ethic" — a strategy he has adopted as his own philosophy for mentorship and recruitment.

"My goal is to find folks with a level head who are willing to go through the steps to be successful," said Amenta. "You start with getting your degree but that's not all you do; you've got to grow and evolve — don't just show up but hone your skills continually."

A former intern and full-time architect at Amenta's firm, Michael Joy, said Amenta's leadership has been instrumental in his career. The firm's strategy, he said, is both unique and effective for grooming young talent.

"Tony is ahead of the curb from his generation," said Joy, who interned with Amenta for four summers while in college and worked for the firm full-time from 2002-2003 before his obligations took him to New York City. "The field of architecture has a lot of manifestations of ego but Tony empowers young architects with responsibilities and opportunities." ■

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BY THE NUMBERS

\$1.54B

The price of maintenance work performed by Pratt & Whitney on C-17 aircraft engines, which the Pentagon is now challenging, according to Bloomberg.

8.1%

An optimistic rate of real GDP growth Connecticut could experience in 2015 — calculated by UConn economists using a model based on an assumption of rising interest rates.

\$9M

The amount of money Hartford is projected to save by using an authority to borrow money to build a \$56 million ballpark, rather than a lease-buy arrangement with a private developer, according to the city.

2

The number of Rock Cats lifetime season tickets to be won by whoever creates the team's new name.

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TOP STORY

Former Hartford Financial CEO McGee leaves legacy

Liam E. McGee, the former CEO and chairman of The Hartford, only spent about five years in Connecticut, but it was clear last week that he left his mark.

The announcement of his sudden death from brain cancer stoked reaction from city and state leaders, who praised McGee for helping turnaround one of the region's largest employers and contributing to the community as well.



Liam E. McGee, former CEO and chairman, The Hartford

"He and his wife Lori, were both extremely passionate about our community and, as a result, personally supported several nonprofit organizations, including Hartford Public Library, Grace Academy and The Wadsworth Museum of Art," said Hartford Mayor Pedro Segarra.

U.S. Rep. John Larson said McGee "raised the bar for Connecticut industry through hard work and innovation matched by few."

"His professional judgment and ability to reach new potentials in the private sector will long be discussed and celebrated by colleagues while our community will always be thankful for his efforts and generosity towards the people of Connecticut," Larson said.

McGee most recently served as executive chairman of The Hartford, a position he stepped down from Jan. 5. He previously held the additional roles of chairman, president and CEO of The Hartford from Oct. 1, 2009, through July 1, 2014.

McGee was credited with helping turnaround the company following its struggles after the Great Recession. During his tenure, The Hartford shed much of its legacy annuities and life insurance businesses to return to a focus on its core property-casualty and mutual-fund operations.

McGee unexpectedly resigned as CEO more than a year after it was revealed he underwent surgery to remove a brain tumor. He died in California Feb. 13.

Before joining The Hartford, McGee spent more than three decades as a financial services business leader, including as president of the Consumer and Small Business Bank for Bank of America.

Chris Swift, The Hartford's current chairman and CEO, said, "Thanks to Liam's leadership and tireless efforts, the company has completed a strategic and financial transformation and is well positioned for future success and prosperity."

ECONOMY & LABOR

UConn economists: Invest in public sector, infrastructure

A team of UConn economists and researchers said last week that state government must invest in education, transportation and high-speed Internet networks to ensure long-term economic job growth.

The Connecticut Center for Economic Analysis released its report in advance of Gov. Dannel P. Malloy's budget speech and warned against major funding cuts.

"Serious government belt tightening could severely damage Connecticut's robust recovery and thwart its opportunity to finally experience sustained employment growth," CCEA said.

CCEA issued two outlooks for the state's real gross domestic product for 2014 (which the federal government has not yet calculated), 2015 and 2016.

In a model based on housing permits, Connecticut's GDP would grow 2.4 percent last year, followed by 4.85 percent growth in both 2015 and 2016. Under that "least spectacular" outlook, the state's employment base would grow to 1.73 million by the end of 2016. Employment stood at 1.69 million in December, according to labor officials.

A second model, based on gradually accelerating interest rates, produces more optimistic results, with GDP growth of 4.8 percent in 2014, 8.1 percent in 2015 and 3.2 percent in 2016.

CCEA's researchers said it's the most optimistic result the model has produced for them to date, but they are skeptical the state has enough excess economic capacity to achieve it.

ECONOMIC DEVELOPMENT & CONSTRUCTION

Rock Cats renaming contest begins

Last week's groundbreaking ceremony for a minor league baseball stadium in Hartford's Downtown North section also marked the beginning of the end of the moniker for the team that will play there.

The owners of the New Britain Rock Cats, which has been the team's name since 1997, are holding a contest to choose a new name.

The person who submits the winning name will get two lifetime season tickets, team gear, and their photo in the game program.

Four runners up will get a pair of season tickets for the team's inaugural season in Hartford.

The entry deadline is Feb. 27. The team will list five finalist names on March 11.

LEGAL

Covanta to be fined \$80K for Bristol safety violations

The U.S. Occupational Safety & Health Administration has proposed fining the owner of Bristol's trash-to-energy plant \$80,100 for 16 workplace safety violations.

OSHA wants to fine New Jersey-based Covanta Energy for failing to determine its employees' exposure to ash containing toxic materials at the Bristol plant where garbage is burned for energy. OSHA also cited Covanta for letting dust accumulate on walkways, not having proper protective clothing for workers performing electric tests, not having safeguards for employees working in confined spaces, not having an emergency eyewash station, and various fall and mechanical hazards.

Covanta spokesman James Regan said the company had not been informed by OSHA of the violations and heard about them only through the media.

"The health and safety of employees is our first priority at Covanta so we take the assertions in the OSHA press release very seriously," Regan said. "We look forward to working cooperatively with OSHA to gain a thorough understanding of the concerns."

REAL ESTATE



CT's '14 home sales, prices dip from '13

Connecticut house sales rose the final month of 2014, but 12-month sales wound up slightly below those of the previous year, The Warren Group says.

Statewide single-family home sales grew 1.7 percent to 2,196 units sold in December from 2,160 units a year earlier — the fourth straight month of higher year-over-year sales, according to the Boston-based publisher of The Commercial Record.

However, January to December 2014 sales were down 1 percent, to 25,660 units vs. 25,919 the same period a year earlier.

The median price of a single-family home fell 2.1 percent to \$240,000 in December, down from \$245,000 a year earlier. Year-to-date, the median price for homes sold was \$251,500, falling 3.3 percent from \$260,000 in the same timeframe last year.

Condominium sales statewide posted a 4.9 percent increase in December, climbing to 603 condos sold up from 575 the same time a year ago, The Warren Group said. Year-to-date, condo sales were up 3.1 percent, increasing to 6,961 from 6,753 during the same period last year.

The median sales price for condos in December fell by 4.8 percent, decreasing to \$160,000 from \$168,000 in December 2013. The year-to-date median selling price of condos in Connecticut was \$168,500, down 1.4 percent from \$170,800 a year ago.

HOSPITALITY

Wayback franchisor inks deal with bbq purveyor

Cheshire's Jake's Franchising LLC, which franchises the Jake's Wayback Burgers chain, said it will begin franchising a barbecue restaurant brand this spring.

Under an agreement with Uncle Willie's BBQ — which has two restaurants in North Haven and Seymour — Jake's will seek to grow the brand in the North-east and beyond.

"The Uncle Willie's brand is a fan-favorite in the region and we see it seamlessly converting to a franchise model," Wayback President John Eucalitto said in a statement.

Patricia Verderame, who is a multi-unit Wayback franchisee, will be president of Uncle Willie's International LLC.

The new franchising entity will operate independently of Wayback, and Willie's founders Bill and Diane Lombardi will continue to own their two locations, the company said.

CASINOS



Foxwoods will open its 300,000-square-foot Tanger Factory Outlet Centers in May.

Tanger to hire 900+ for Foxwoods outlet stores

Tanger Factory Outlet Centers, which will open its Foxwoods outlets on May 21, wants to hire more than 900 people and is hosting a job fair next month, it said.

The March 19 job fair will be in Foxwoods' ballroom between from 2 p.m. to 8 p.m. Tanger said it will be hiring for part-time and full-time positions at the 80-plus outlet stores that will comprise its new 300,000-square-foot development.

They include American Eagle Outfitters, Ann Taylor, Banana Republic, Brooks Brothers, Calvin Klein, Coach, Fossil, Gap, H&M, J. Crew, LOFT, Michael Kors, Nike, Skechers, Steve Madden, Talbots, Tommy Hilfiger and others.

The Foxwoods outlets will be Tanger's second in Connecticut, after its Westbrook location.

Late last year, the company pulled out of a deal to develop outlets in Cheshire.

Mohegans to open 10 sub shops

The Mohegan Tribe of Uncasville plans to open 10 Jersey Mike's Subs sandwich shops in Rhode Island and Massachusetts, as the resort casino owners continue their diversification play.

Jersey Mike's Subs, based out of New Jersey, awarded the tribe franchise territory covering Rhode Island and the southern section of Worcester County in Massachusetts. The first two sub shops will open in the next nine months.

The tribe, which operates three resort casinos including Mohegan Sun in Uncasville, established a separate Mohegan Holding Company to diversify into non-gaming areas like restaurants, wood pellets, manufacturing, and office solutions.

In November, the tribe opened a Smashburger location in Waterford, the first of 16 planned in southern New England. The tribe also plans to open 15 Arooga's Grille House & Sports Bar's in New England over the next four years.

ENERGY & UTILITIES

Industry cluster calls for CT fuel cell growth

Connecticut should increase its fuel cell generation six-fold by 2025, according to a report released last week by a group of New England energy companies.

The Northeast Electrochemical Energy Storage Cluster (NEESC), which is administered by the Connecticut Center for Advanced Technology in East Hartford, said policymakers should pay attention to the role fuel cells could play in increased efficiency, greenhouse gas reductions, and a projected increase in energy demand in the years ahead.

NEESC said it hopes Connecticut can increase its existing 28.6 megawatts of fuel cell technology to as much as 175 megawatts over the next 10 years, which could reduce greenhouse gas emissions by as much as 368,000 tons a year.

The group also called for the state to develop four or five hydrogen fueling stations in the decade ahead, and to get 477 fuel cell electric vehicles on the road. There is currently one hydrogen fueling station at Proton Onsite in Wallingford.

Such actions would support an estimated 600 companies in the state that are part of the supply chain, NEESC said. Those companies brought in \$312 million in direct revenue in 2011.

WHAT'S AHEAD:

- 3/2 Focus: **Tax Season**
- The List: **Largest Law Firms**
- Nonprofit Profile: **CT Council for Philanthropy**

CALENDAR

WEDNESDAY, FEB. 25



Tamar Jacoby



Michael Wishnie

Global Conversation on the U.S. Immigration Crisis

The World Affairs Council of Connecticut is hosting a talk Feb. 25 about immigration reform, which is at the top of the policy agenda in 2015.

The event, which runs from 6 p.m. to 7:30 p.m. at the UConn Law School, Starr Hall, 55 Elizabeth St., Hartford, will feature expert panelists who will discuss the immigration crisis in the United States.

Panelists include: **Tamar Jacoby**, president & CEO of ImmigrationWorks USA, and **Michael Wishnie** of Yale Law School.

Updike, Kelly & Spellacy attorney Dana Bucin will moderate the discussion.

Cost to attend is: \$10 for nonmembers; free for members. For more information or to register contact: Lauren Karanovich, 860.241.6118, lkaranovich@ctwac.org.

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Community Foundation of Middlesex County partners, shown above, raise awareness for their bully-free campaign, to end harassment in schools.

Strengthening economy boosts fortunes of Greater Hartford foundations

By Sheena Butler-Young
sbutler@HartfordBusiness.com

Greater Hartford foundations experienced many of the harsh effects of the Great Recession, but as Connecticut's economy picks up, so too have the prospects of the region's largest charitable arms. Charitable giving in Connecticut has gradually accelerated in recent years, helping private and community foundations maintain or boost donations to nonprofits that provide social, education, health and other services to some of the state's neediest residents.

And the timing couldn't be better, especially as the state's budget woes have left many nonprofits cash-strapped.

In 2012, the latest available data, Connecticut amassed \$4.6 billion in charitable donations, which was up 30 percent from a year earlier. Foundations raised about \$1 billion of that total, according to Maggie Gunther-Osborn, president of the Connecticut Council for Philanthropy, which produced the data.

More recently, The Hartford Foundation for Public Giving, the region's largest philanthropic gatekeeper, said it disbursed in 2014 more than \$32.5 million in grants to community and education nonprofits — a record for the 90-year-old organization.

While two tragic events in the last quarter of 2012 — Super Storm Sandy and the Sandy Hook Elementary School shooting — might explain the significant uptick in donations that year, Gunther-Osborn said philanthropic giving by individuals and foundations has steadily remained at around 2 percent of the state's GDP.

"One of the things we're trying to do is have a conversation about who is giving and try to increase that giving," said Gunther-Osborn. "We have remained relatively flat and we want to grow our giving."

Learning lessons from the Great Recession

Area foundations say that while their goal is to increase donations, they must be somewhat conservative in their community investments, keeping annual grant spending fairly consistent from year to year to protect their assets and long-term viability. It's a lesson many foundations and nonprofits learned after the Great Recession wreaked havoc on their endowments and other nest eggs.

The Hartford Foundation for Public Giving, for example, has enacted a five-year spending policy that aims to buffer the organization from unavoidable and frequent economic swings.

"When 2008 hit we were still working off of income and investments from 2003," said Judy Rozie-Battle, Hartford Foundation's vice president for grantmaking and community outreach. "There were other foundations that were severely impacted. This policy allows us to be smooth and steady through rough times."

Carol Pollack, vice president of finance and operations for the Hartford-based Connecticut Health

Total Connecticut Giving 2011-2012

	2011	2012	Change
Foundations	\$851	\$1,010	18.70%
Individuals	\$2,674	\$3,416	27.70%
Bequests	\$38	\$199	421.90%
Total	\$3,563	\$4,625	29.80%

SOURCE: IRS, THE FOUNDATION CENTER. DOLLARS IN MILLIONS.

Foundation, said her organization lost about a third of its \$150 million investment portfolio during the Great Recession, but was still able to honor most of its commitments to the nonprofits and communities it serves.

Connecticut Health is the state's largest private health foundation focused on expanding access to health care for minorities and underserved communities across the state.

"We pretty much maintained our level of grantmaking," said Pollack. "In order to do that, we dipped into our portfolio balance because we didn't want our giving to fluctuate with the market."

Since then, Pollack said the foundation firmed up its spending policy and began looking at its investment performance over a five-year period.

"We now know that we shouldn't spend more than 5.4 percent of the average investment portfolio over a five-year period," said Pollack.

Cynthia Clegg, president and CEO of the Community Foundation of Middlesex County (CMFC), said her organization's \$4 million endowment took a sizeable hit during the recession, but its finance and economic committee quickly created strategies to counteract economic hardships.

Clegg said CMFC, which awards grants ranging from \$500-\$7,500 to arts, education, environmental and other causes, began actively and aggressively fundraising to supplement its endowment. It also created a nonprofit resource center to complement its charitable-giving role.

"We wanted to see what we could do outside of the financial giving," said Clegg. "The center offers workshops, seminars and consultations to address the well-being of area nonprofits."

By the end of 2014, Clegg said CMFC had \$12 million in assets, which includes its endowment and cash.

The Hartford Foundation's five-year funding average is \$31 million, said Rozie-Battle, but they increased it to nearly \$33 million in 2014 because donors were eager to spend more.

In all, Hartford Foundation distributed 1,997 grants to nonprofits in 29 Greater Hartford communities last year.

Rozie-Battle said the largest share (29 percent) of grants went to the Hartford Foundation's biggest priority: education. ■

EXPERTS CORNER

Nonprofits face heightened management liability risks

By Scott Konrad

The nonprofit sector was stressed by daunting challenges in the wake of the last decade's economic collapse, in some ways modeling Charles Darwin's perspective of a world in which the strongest survive while the weak die by the wayside.

Consider that the past six years saw:

- A complete leadership overhaul at the Susan G. Komen Foundation, including its founder's resignation as CEO, following donor outcry because of the board's decision not to continue funding Planned Parenthood;

- Sweeping changes at Livestrong Foundation to preserve the organization after founder Lance Armstrong's fall from grace in the competitive cycling world;

- The New York City Opera's bankruptcy after years of widening deficits and seemingly desperate leadership decisions;

- In Connecticut, the executive director of Hartford Areas Rally Together recently resigned after she admitted using the nonprofit's money for personal expenses.

These and countless other cases nationwide illustrate that, while employment-related matters may still be the most frequent sources of claims against nonprofit leaders, the risk landscape is changing — with startling results.

Today's nonprofits operate in an environment of increased consumerism, outcomes-based philanthropy, intense competition for reduced government funding, and greater regulatory scrutiny. As a result, they're accountable to higher standards of financial discipline, operational transparency, and prudent stewardship — and they're scrutinized by donors, constituents, watchdog groups, and regulators, among others.

Issues that have invited litigation include executive compensation levels, directional shifts in grantmaking and programming, alleged employment discrimination, and financial mismanagement.

United States Liability Insurance (USLI), a Berkshire Hathaway company that insures over 55,000 nonprofits nationwide, reports that employment-related offenses, misrepresentation/fraud, financial mismanagement, deceptive fundraising practices, and data breaches comprise the top five leading causes of action it now sees against nonprofit directors and officers.

Christine Murray, USLI's chief underwriting officer for professional liability, observes:

"Nonprofits are under increasing pressure to do more with less, forcing them to make difficult decisions. Those decisions at the board table can have unintended consequences — sometimes even threatening an organization's survival — leading to lawsuits against the directors and officers."

The best antidote for nonprofit management liability is a healthy board of directors with diverse talents and perspectives, the courage to challenge the status quo, and an unflinching commitment to act with complete financial and operational transparency, placing the organization's interests above

all else. Progressive organizations promote board-level engagement in enterprise-wide risk management, often by a finance/audit committee.

Bearing in mind Buffett's oft-quoted admonition that, "It takes 20 years to build a reputation and five minutes to ruin it," the organization should also develop and periodically stress-test a crisis management and communication plan.

From an insurance standpoint, a nonprofit organization should:

- **Consider separate policy limits** for directors' and officers' liability and employment practices liability risks. Although both types of protection are commonly packaged within a single insurance policy, the ideal structure firewalls the two risks from each other, with a dedicated limit for each. Defense costs should be covered outside, or supplementary to, the policy limits.

- **Insure against third-party discrimination.** Even if an organization has no employees, volunteers and other third parties — clients, patrons, members, or suppliers — can sue for harassment and discrimination.

- **Explore specialty insurance for network security and privacy liability risk.** Today's electronic age of online fundraising, crowdsourcing, social media, e-commerce, and electronic recordkeeping raises the stakes for custodians of donor, client, and employee data — but management liability insurance provides only a partial solution, at best.

- **Periodically seek skilled professional help** to assess the threats on the organization's risk landscape and the extent to which its commercial insurance can be expected to respond. No one likes surprises — least of all in a moment of acute need. ■

Scott R. Konrad is an executive of HUB International Ltd., a global insurance brokerage and risk advisor. He resides in Essex.

THE LIST

Largest community foundations in Connecticut

(Ranked by assets for fiscal year 2013)

Rank	Foundation	Assets	Revenue/ Expenses (1)	Top executive/ Title	Year founded
1	Hartford Foundation for Public Giving 10 Columbus Blvd., 8th Floor, Hartford, CT 06106 860-548-1888; www.hfpg.org	\$922,682,005	\$26,702,215 \$39,124,133	Linda J. Kelly President	1925
2	The Community Foundation for Greater New Haven 70 Audubon St., New Haven, CT 06510 203-777-2386; www.cfgrnh.org	\$434,050,752 (2)	\$54,513,356 (2) \$22,829,343 (2)	William W. Ginsberg President & CEO	1928
3	The Connecticut Community Foundation 43 Field St., Waterbury, CT 06702 203-753-1315; www.conncf.org	\$92,717,899	\$16,453,719 \$4,978,590	Paula Van Ness President & CEO	1923
4	Community Foundation of Northwest Connecticut Inc. 32 City Hall Ave., PO Box 1144, Torrington, CT 06790 860-626-1245; www.cfnwct.org	\$80,715,242	\$11,010,368 \$3,401,463	Guy Rovezzi President & CEO	1969
5	Community Foundation of Eastern Connecticut Inc. 68 Federal St., New London, CT 06320 860-442-3572; www.cfect.org	\$51,695,447	\$11,402,446 \$4,450,506	Maryam Elahi President & CEO	1983
6	Community Foundation of Greater New Britain 74A Vine St., New Britain, CT 06052 860-229-6018; www.cfgrnb.org	\$44,652,863 (3)	\$7,098,670 (3) \$2,155,030 (3)	James G. Williamson President	1941
7	Main Street Community Foundation 120 Halcyon Dr., Bristol, CT 06010 860-583-6363; www.mainstreetfoundation.org	\$33,107,579	\$5,818,154 \$1,696,101	Susan D. Sadecki President & CEO	1995
8	Community Foundation of Middlesex County Inc. 211 S. Main St., Middletown, CT 06457 860-347-0025; www.middlesexcountycf.org	\$11,739,436 (4)	\$2,038,582 (4) \$976,947 (4)	Cynthia H. Clegg President & CEO	1997
9	The Community Foundation of Central Connecticut 35 Pleasant St., Ste. 1E, Meriden, CT 06450 203-235-4403; www.communityfoundationcc.org	\$746,049 (4)	\$123,713 (4) \$91,827 (4)	John Agustyn President	1998
10	South Windsor Community Foundation PO Box 1341, South Windsor, CT 06074 860-644-9029; www.swfoundation.org	\$121,875 (4)	\$77,396 (4) \$75,975 (4)	Jan Snyder President	2004

Sources: Foundation websites and audited financial statements or annual reports and Guidestar, a 501(c)(3) that collects and presents 990 forms for IRS-registered nonprofits. Note: Financial data are from audited financial statements or annual reports for individual foundations, unless otherwise noted.

(1) Total expenses include operational expenses and grant awards.

(2) As reported in combined financial statement for The Community Foundation for Greater New Haven and affiliate, December 31, 2013.

(3) As reported in combined financial statement for The Community Foundation for Greater New Britain and affiliates, December 31, 2013.

(4) As reported in 2013 990 tax return form.

—Compiled by Roger Magnus and Heide Martin.

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Hartford, CT
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www.ChrysalisCenterCT.org

Cosgrove Commons, Chrysalis Center's newest affordable/supportive housing project for Veterans recently opened in Hartford. Chrysalis, through its real estate corporation, offers affordable/supportive housing for individuals in need of permanent housing. Chrysalis Center is the largest affordable/supportive housing provider in Connecticut.

Chrysalis Center offers its clients state of the art simulated trainings in welding, paint spraying and carpentry, allowing individuals to gain employment at a competitive wage.



Largest independent private foundations serving the Hartford Region

(Ranked by assets for fiscal year 2013 (1))

Rank	Foundation	Assets	Revenue/ Expenses	Top executive/ Title	Year founded
1	Connecticut Health Foundation Inc. 100 Pearl St., Hartford, CT 06103 860-724-1580; www.cthealth.org	\$112,680,825	\$4,410,327 \$6,358,042	Patricia Baker President & CEO	1999
2	American Savings Foundation Inc. 185 Main St., New Britain, CT 06051 860-827-2556; www.asfdn.org	\$87,111,382	\$4,823,390 \$4,373,763	David Davison President & CEO	1995
3	The Donaghue Medical Research Foundation 18 N. Main St., West Hartford, CT 06107 860-521-9011; www.donaghue.org	\$69,209,336	\$5,958,686 \$3,156,352	Lynne Garner President & Trustee	1991
4	The Maximilian E. and Marion O. Hoffman Foundation Inc. (2) 970 Farmington Ave., West Hartford, CT 06107 860-521-2949; NA	\$65,203,294	\$8,353,629 \$3,722,009	Marion Barrak President & Director	1986
5	Twenty-seven Foundation 200 Glastonbury Blvd., Ste. 200, Glastonbury, CT 06033 860-657-7015; NA	\$50,401,692	\$3,305,168 \$2,209,099	D. Travis Engen Trustee	2008
6	SBM Charitable Foundation Inc. 935 Main St., Manchester, CT 06040 860-533-0355; www.sbmfoundation.org	\$40,043,759	\$1,379,029 \$1,986,219	Doreen Downham Executive Director	2000
7	Say Yes To Education Inc. 1 State St., 20th Floor, Hartford, CT 06103 860-240-1272; www.sayyestoeducation.org	\$37,312,562	\$19,190,467 \$16,873,112	Mary-Anne Schmitt Carey President	1990
8	J. Walton Bissell Foundation Inc. PO Box 370067, West Hartford, CT 06137 860-586-8201; NA	\$24,210,431	\$1,238,082 \$1,156,137	Sarah D. Anthony President & CEO	2004
9	Daniell Family Foundation Inc. 2 Barnard Ln., Bloomfield, CT 06002 860-242-8844; NA	\$23,935,711	\$1,016,024 \$903,276	Barbara E. Daniell President & Director	2010
10	Ensworth Charitable Foundation (2) 200 Glastonbury Blvd., Ste. 200, Glastonbury, CT 06033 888-866-3275; www.bankofamerica.com/grantmaking	\$23,023,603	\$2,225,386 \$1,162,901	Carmen Britt Sr. Philanthropic Relationship Manager US Trust, Bank of America NA	1948
11	Robert and Clara Patterson Trust (2) 200 Glastonbury Blvd., Ste. 200, Glastonbury, CT 06033 888-886-3275; www.bankofamerica.com/grantmaking	\$20,456,217	\$1,826,433 \$1,138,562	Carmen Britt Sr. Philanthropic Relationship Manager US Trust, Bank of America NA	1980
12	Andrew J. & Joyce D. Mandell Family Foundation Inc. (2) 240 Hartford Ave., Newington, CT 06111 860-666-0399; NA	\$18,321,352	\$2,632,671 \$1,460,831	Joyce D. Mandell President	1984 (3)
13	Larsen Fund PO Box 271677, West Hartford, CT 06127 860-286-0549; NA	\$18,127,307	\$1,557,187 \$1,309,244	Todd H. Larsen President	1941
14	The Fund for Greater Hartford 543 Prospect Ave., Hartford, CT 06105 860-232-3113; www.fundforgreaterhartford.org	\$17,415,043	\$2,651,526 \$915,453	Jan-Gee McCollam President	1980
15	Jeffrey P. Ossen Family Foundation P0 Box 271820, West Hartford, CT 06127 860-313-4928; www.jeffreypossen.org	\$17,152,933	\$586,445 \$969,539	Eileen M. Ossen Trustee	2008 (3)
16	The William and Alice Mortensen Foundation PO Box 230212, Hartford, CT 06123 860-461-7927; NA	\$15,830,911	\$1,032,672 \$1,092,302	Alfred V. Covello President	1982
17	The Zachs Family Foundation Inc. 40 Woodland St., Hartford, CT 06105 860-727-5733; NA	\$15,560,215	\$604,958 \$509,345	Henry M. Zachs President	1987 (3)
18	Ray and Pauline Sullivan Foundation (2) 200 Glastonbury Blvd., 2nd Fl., Glastonbury, CT 06033 888-866-3275; NA	\$14,905,447	\$1,366,953 \$799,830	Karen Kiser Private Wealth Manager US Trust, Bank of America NA	1972 (3)
19	Lawson Valentine Foundation 1000 Farmington Ave., West Hartford, CT 06017 860-570-0728; NA	\$13,334,670	\$734,961 \$809,115	Valentine Doyle Trustee	1986
20	John and Kelly Hartman Foundation (2) PO Box 271820, West Hartford, CT 06127 860-313-4930; NA	\$13,012,099	\$457,911 \$711,446	Paul L. Bourdeau Trustee	2010
21	Fisher Foundation 36 Brookside Blvd., West Hartford, CT 06107 860-570-0221; www.fisherfdn.org	\$11,212,677	\$722,873 \$561,993	Hinda N. Fisher President & Treasurer	1959 (3)
22	Colburn-Keenan Foundation Inc. PO Box 811, Enfield, CT 06083 800-966-2431; www.colkeen.org	\$11,187,746	\$496,653 \$613,611	Jane Cavanaugh Smith Executive Director	2006
23	Charles H. Kaman Charitable Foundation Inc. 43 Prattling Pond Rd., Farmington, CT 06032 860 -240-6000; NA	\$11,087,329	\$400,825 \$515,734	C. William Kaman II President & Treasurer	1994
24	George and Grace Long Foundation 200 Glastonbury Blvd., Ste. 200, Glastonbury, CT 06033 888-866-3275; www.bankofamerica.com/grantmaking	\$11,015,519	\$638,144 \$502,232	Carmen Britt Sr. Philanthropic Relationship Manager US Trust, Bank of America NA	1960
25	The Owenoake Foundation 22 Squirrel Hill Rd., West Hartford, CT 06107 860-573-9683; NA	\$10,545,256	\$247,794 \$517,772	Avery Rockefeller III President & Director	1997 (3)

Sources: Guidestar, a 501(3)c that collects and presents 990 forms for IRS-registered nonprofits and individual foundations.
(1) Unless otherwise noted.
(2) Data are from fiscal year 2014.
(3) Represents I.R.S. ruling year, an estimation of the year founded.
—Compiled by Roger Magnus and Heide Martin.

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To view the full list, please visit HartfordBusiness.com

Q&A

Strong oversight, investment policy key to nonprofit survival

Q&A talks about the state of nonprofits with Joseph Fortuna, a senior vice president with Morgan Stanley in Hartford.

Q: What's the state of charitable giving? How have nonprofits fared since the Great Recession?

A: According to the Urban Institute National Center for Charitable Statistics (NCCS), we have experienced the fourth consecutive year of growth in annual giving since the unprecedented two-year drop of 2008 and 2009.

Giving USA estimates that 2014 individual giving will be \$335 billion, putting us close to the 2007 high-water mark.

During the four-year period prior to 2008, 4.3 percent of nonprofits with \$50,000 or more in annual revenues ceased operations, according to NCCS. During the four-year period after the 2008 market decline, 5 percent of charities closed.

While this increase is significant, it is not at the level many have predicted. There may be several reasons for this resilience, but I believe that the trustees and executive staff of many of our nonprofits are extremely effective and increasingly familiar with operating in crisis mode.

Survival has to be a result of strong governance and effective use of disciplined investment policy and spending. I also believe that

the rise in collaboration among similar-missioned nonprofits has resulted in healthier organizations with stronger leadership, boards and better fiscal strength.

Q: You have said one challenge nonprofit's face is marrying prudent spending with an appropriate endowment investment policy. How can a nonprofit build an endowment that withstands good times and bad?



JOSEPH FORTUNA

Senior vice president, Morgan Stanley

A: Endowments must be managed in a manner that will provide stable (short-term) and sustainable (long-term) support for the nonprofit organization. The stable support should bring a level of predictability to the organization, allowing for annual planning and budgeting without a great deal of volatility.

Sustainability, the key objective for all nonprofits, is protecting the future purchasing power of the original funds that make up the endowment. Demand for a nonprofit's services are highest during economic downturns, which is also when their asset levels are at their lowest. Given this challenge, the key to a stable and sustainable endowment rests with the ability to align investment policy with spending.

This delicate balance is further impacted as individual charitable donors also experience the financial stress of market declines, thus,

tightening their purse strings and decreasing individual giving.

This leaves foundation and endowment officials with the difficult task of matching their budgetary needs with the resources available to meet those needs.

Adopting a prudent spending policy is among the most powerful tools available to smooth out the potential fluctuation in annual spending that results from market volatility.

Q: Are there certain nonprofit segments that are performing better than others? Why do some nonprofits outperform others?

A: Among all charitable subsectors, 2013 saw the largest portion of donor giving directed toward education, according to the 2014 U.S. Trust Study of High Net Worth Philanthropy. Charitable donors gave more to this cause than to religious, arts, basic needs, health, international and environmental services.

Interestingly, the closure rate for nonprofit organizations during the post financial crisis period was highest for international organizations, while arts and environmental nonprofits were less likely to close than all other types of nonprofits.

Organizations that are able to build to an annual revenue of \$1 million or more are far less likely to be forced to cease operations during a financial crisis as they are in a position to provide short-term stability and a level of long-term sustainability that can weather the storm, according to NCCS.

This is true across charitable subsectors

and not dependent upon mission. A major contributing factor to strong performance is governance.

Though the most effective governance strategies will vary from organization to organization, charity watchdog groups and auditors agree that instituting a culture with policy and procedures is a best practice and leading indicator of prudent governance.

Q: How does an aging population affect nonprofit giving? What other changes are we seeing in the way people give to charity?

A: As the Baby Boomer generation settles into the wealth distribution phase of their lives, a strategic engagement around philanthropy replaces an investment strategy for wealth accumulation.

Timothy Prete, a business partner of mine for over 20 years, assists ultra-high net worth families in all matters related to wealth management and financial services. He has seen many of his family clients shift the focus of their quarterly wealth management investment meetings towards a discussion on creating a strategic charitable giving plan.

Charitable giving is not reserved for only those looking to distribute wealth. According to the National Philanthropic Trust, online giving grew in 2013 by 13.5 percent, a trend that is likely to continue as media and social networking brings world events and needs to us immediately.

While this convenience appeals to all ages, the target audience for much of this philanthropy is directed towards Millennials. ■



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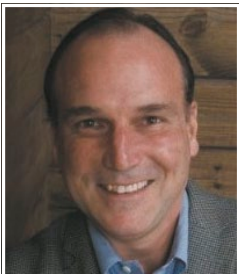
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PHOTO | CONTRIBUTED

UConn Health's new home in East Hartford.

DEAL WATCH

UConn Health relocates to E. Hartford building

UConn Health has consolidated some of its patient practices and other operations into newly renovated medical-office space in an East Hartford building overlooking the Connecticut River and downtown Hartford.

After a bid process, UConn Health settled on 12,424 square feet at 800 Connecticut Blvd., across from the Hoffman Lexus auto dealership.

According to UConn, its existing East Hartford practices, at 99 Ash St., relocated there, effective Feb. 9. Those include internal medicine; pediatrics; obstetrics and gynecology; nephrology; rheumatology; cardiology; endocrinology, diabetes education; and a blood-drawing station.

"We're pleased to offer great, personalized care in a new and convenient location for residents in the East Hartford area," said Marianne Dess-Santoro, vice president for ambulatory care at UConn Health.

The 10-year lease pays \$13.25 per square foot the first year, a UConn spokeswoman said.

UConn spent \$1.8 million to renovate the space, the spokeswoman said. Mark Greenberg Real Estate is landlord.

...



PHOTO | CONTRIBUTED

Adelbrook Inc. leased 21 Church St. in East Hartford.

E. Hartford school leased

Behavioral and developmental-support services provider Adelbrook Inc. has leased the former St. Rose Church school building in East Hartford.

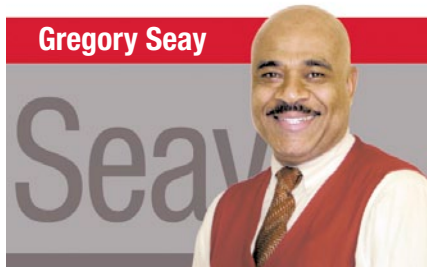
Adelbrook signed a long-term lease for the 24,000-square-foot building at 21 Church St. It was previously leased for a time to the Capital Region Education Council (CREC), said broker Frank Amodio, of Amodio & Co. Real Estate, who represented St. Rose in the lease.

The building, on eight acres, has classrooms, a library, offices, and gymnasium with stage and kitchen.

According to Amodio, the facility opened in 1955 as a Catholic elementary school until around 2010, when it closed due to low enrollment.

CREC leased it in June 2010 as a temporary home for its International Magnet School

Gregory Seay



for Global Citizenship until the school's new home was built and opened in June 2014.

H. Pearce Co. Commercial Real Estate represented Adelbrook.

...

Vernon's Fox Hill redo

The 74-unit Fox Hill Commons apartments in Vernon are about to undergo a multi-million-dollar upgrade, its Rhode Island lender says.

Washington Trust's Commercial Real Estate Group says the Westerly, R.I., lender recently provided \$4.3 million to Taymil Vernon Portfolio LLC, of Framingham, Mass., for Fox Hill's refinancing and capital improvements.

Built in 1965, Fox Hill Commons, 101 South St., a mile from I-84, has 50 two-bedroom and 24 one-bedroom, townhouse-style apartments, ranging from 715 square feet to 770 square feet. Improvements will include upgrades in energy efficiency, interior and common area updates.

Last March, landlord Taymil Partners LLC got a \$3.9 million loan refi from Washington Trust to upgrade its 72-unit Manchester Green Apartments, a four-building complex at 167 E. Center St. in Manchester.

According to Taymil's homepage, it has eight other Connecticut multifamily properties, including Arbor Commons, Pinney Brook and Stonebridge, all in Ellington; and in East and West Haven, and Litchfield.

...

BTX shrinks space

Windsor freight-forwarder BTX Global Logistics is downsizing to 5,100 square feet of office and industrial space four miles across town, at 800 Marshall Phelps Road.

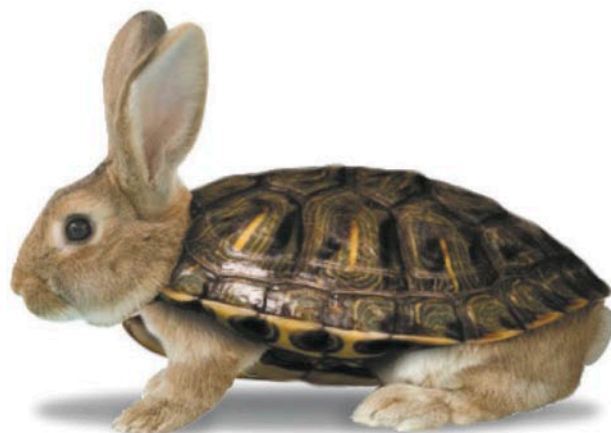
BTX will relocate from 900 River Road, where it relocated in 2012 into 8,400 square feet in the Kennedy Business Park.

800 Marshall Phelps Road is a 40,000-square-foot industrial facility on 24.1 acres. Sponzo Enterprises LLC is landlord.

Sentry Commercial represented BTX in the lease.

Greg Seay is the Hartford Business Journal News Editor.

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Lego's "Friends" block toy is shown in the middle. Best-Lock's toy is shown to the left, Mega Brands, right.

Lego heads back to CT court to fight 'infringers'

Danish toymaker Lego is again using Connecticut federal court to wage a legal battle against competitors it says are infringing on its world-famous toy blocks.

Lego, the world's largest toymaker with its U.S. headquarters in Enfield, has filed suit against two separate toymakers accusing them of copyright infringement.

One suit is against a familiar foe, Best-Lock Construction Toys Inc., a Florida-based rival that Lego has sued in the past for making toy blocks similar in look and shape to Lego's 1.5-inch-tall, trapezoidal action figures.

In the latest suit, filed Feb. 10 in Connecticut federal court, Lego is accusing Best-Lock of infringing on its patented "Friends" figurines, which were introduced in 2012 and have been a popular seller to girls.

Lego said Best-Lock is making miniature figurines similar to its Friends' characters. Specifically, the infringing figurine, Lego claims, is marketed and sold in Best-Lock's "Fairy Tale High" toy sets, or as a "Best-Lock Fairy Tale High" case.

Meantime, Lego is also suing Canada's Mega Brands for infringing on the same Friends toy line. Lego says the infringing figurine is marketed and sold in Mega Brands' "My Life As" toy sets.

Lego says both copyright infringements are causing the company irreparable harm. It also says Best-Lock and Mega Brands are violating the Connecticut Unfair Trade Practices Act. Lego is asking for monetary damages and a permanent injunction to stop both companies from producing their respective blocks.

Lego has also asked the U.S. International Trade Commission to block those toys from being imported into America.

Lego and Best-Lock have been in legal tussles dating back to 1998, and while a fight over toy blocks may seem like child's play, typically hundreds of millions of dollars in future sales can be at stake for the companies involved.

Lego, in particular, has a significant stake in protecting its trademarked products. Just last week, Consultancy Brand Finance named Lego the world's most powerful brand, a ranking determined by several metrics including consumer loyalty and ad recognition. It was the first time Lego made the list's top spot, knocking Ferrari from the No. 1 position.

Best-Lock, Mega Brands, and Hartford lawyer Elizabeth A. Alquist, who is representing Lego, didn't not respond to email requests for comment.

— Greg Bordonaro

CT, Okla. 'payday' tribe in staredown

A temporary standoff has been reached between Connecticut banking regulators and an Oklahoma tribe pressing to pitch their ultra-high-interest online "payday loan" services to state residents.

A Connecticut judge recently handed the state a minor win by keeping in place \$1.5 million in fines and penalties against a pair of tribal entities — Great Plains Lending LLC and Clear Creek Lending — and the tribe's chairman, John R. Shotton.

However, the tribes could claim a tiny victory, too, after the same judge also ordered that the state cannot enforce its ruling against the co-defendants nor take measures to collect the fines, pending outcome of the tribe's court appeal.

The legal wrangling started in October when the Connecticut Banking Department issued a cease and desist order and fined the tribe for violating the state's usury law, which prohibits anyone from making loans

at more than 12 percent interest without a license, effectively banning payday lenders from operating in this state.

The tribe challenged the ruling, arguing that "tribal sovereignty" allows them to grant loans in Connecticut for less than \$15,000 with interest of 200 percent to 450 percent, even though such lines of credit violate state law.

They claim Connecticut's and other states' consumer-protection laws cannot bar it from pursuing enterprises that generate income and jobs for tribal members.

The Banking Department on Jan. 6 upheld its ruling. A few weeks later, the tribe and its chairman filed an administrative appeal in New Britain Superior Court, simultaneously asking for a temporary injunction. The state also pressed for a dismissal.

Both parties now await a hearing date to be set.

— Gregory Seay



PHOTO | CONTRIBUTED

Pilot Freight Services has leased larger space in this building in the shadow of Bradley International Airport.

from page 1

Short, 20-foot bays 'obsolete'

Amazon's new distribution center won't open until summer, but it's already attracting significant interest from commercial tenants who want, or even need, to locate near it. That's adding momentum to Greater Hartford's industrial real estate market, which has now fully recovered from the Great Recession as employers ranging from light manufacturers to distribution companies add space to sate increasing consumer demand.

Most in demand, brokers and landlords say, are existing industrial properties with mid-size footprints of 35,000- to 45,000 square feet; and bigger, built-to-suit facilities sized six figures or larger.

Industrial brokers say deals like Amazon and Pilot's underscore cravings among investment-oriented landlords, owner occupants and tenants for the Hartford region's industrial space.

"The market is clearly better than it has been in the last five years," said Sean Duffy, senior industrial broker for realty brokerage-advisor Cushman & Wakefield in Hartford. "I see there's been a massive flight to quality. There's been more demand for the better, newest and cleanest buildings."

Central Connecticut's industrial-warehouse sector had 850,000 square feet of net absorption in 2014 — 250,000 square feet greater than in 2013, according to CBRE-New England's latest survey. That lowered the region's industrial vacancy rate to 12 percent, down from 13.2 percent a year earlier. Hartford has also filled all of the industrial space vacated by employers in 2008 and 2009.

In 2014, central Connecticut industrial rents averaged anywhere from just under \$4 a square foot, to nearly \$6.50.

Indeed, industrial brokers plying Connecticut and western Massachusetts who belong to the state chapter of the Society of Industrial and Office Realtors (SIOR) are more bullish in their outlooks now than they were this time last year, a fresh survey shows.

Recent Greater Hartford Industrial Deals

Tenant	Square Feet/Deal	Location
Thriftbooks	82,500/lease	Windsor Locks
American Floor Covering	76,725/Sale	East Hartford
MultiMode	70,000/lease	Windsor Locks
Classic Restaurant Supply	65,000/sale	Newington
TLD	60,000/sale	Windsor
Safelite	36,000/lease	Cromwell
Recyc-Mattress Corp.	30,000/lease	East Hartford
National Lamp Recycling	25,000/lease	East Windsor
Speciality Packaging	24,500/sale	East Windsor
Fenn Manufacturing	22,500/lease	Berlin

SOURCE: CBRE/NEW ENGLAND

CT SIOR's December 2014 member survey found two-thirds (67 percent) of brokers reported seeing market improvements in the latter half of 2014 vs. the first. A year earlier, in December 2013, barely six in 10 (59 percent) brokers saw second-half improvement.

Brokers also harbor optimism about the industrial market for 2015.

One reason is that sales prices and rents for industrial space continues to favor buyer and tenants, brokers say. That's because so many of the industrial buildings available are older, usually tired spaces that beyond needing basic repairs, like new roofs and heating/cooling systems, lack amenities and features that modern tenants crave.

A sizable chunk of the Hartford region's industrial buildings were erected before 1970, and have shorter-height ceilings and bay doors than the 20- to 24-foot dimensions common in newer industrial space, Duffy said.

"Buildings with ceiling heights below 20 feet are functionally obsolete," said Michael Gallon, managing broker for realty adviser Reno Properties Group. "It's all about modern distribution and warehousing and vertically storing your goods."

Mark Duclos, president of commercial broker Sentry Commercial, says that despite the disparity in amenities between older and newer buildings, there is very little pricing support in current rents to

Continued

► 'Obsolete'

justify new construction. So, what is more likely to occur, Duclos and other brokers say, is that demand for older industrial buildings in need of refreshing will continue to grow as newer sites fill up.

The Wallingford Business Park is among sites with a mix of older and newer industrial buildings, plus developable acreage, said Gallon. Reno Properties and affiliates paid \$4.6 million to buy the 389,000-square-foot, 34-acre park last spring.

But even newer, state-of-the-art buildings, with the latest energy-saving features and other in-demand bells and whistles, don't always command full price.

Indicative of that trend, Duffy says, is the \$4.75 million sale his team co-brokered in November of the 279,000-square-foot former East Windsor production facility at 97 Newberry Road, once owned by solar components maker STR Holdings. Buyer Sustainable Building Systems USA picked up for cents on the dollar a building in which STR only a few years earlier had invested millions to upgrade and expand.

Senior broker Christopher Metcalfe, of CBRE-New England, points to other illustrative deals.

In Newington, Hartford's Classic Restaurant Supply paid \$2.1 million for a 65,000-square-foot building at 36 Holley Drive, Metcalfe said. The building sat unsold for five years, its title previously held by a printing company tied to the owner of the Minnesota Vikings.

Local businesses are spearheading many of the recent purchases and leases of industrial properties, brokers and landlords say.

In Windsor, aeroparts maker TLD Ace Corp. not long ago paid \$2.05 million for a 58,000-square-foot warehouse-manufacturing facility at 770 Bloomfield Ave., next door to its existing operations on that street.

Landlord Griffin Land is witnessing mounting lease and sale demand for its available warehouse and distribution properties from local research-and-development contractors and the light-manufacturing sector. Those parties are eager, said Griffin senior vice president Tim Lescalleet, to expand and streamline operations as opposed to consolidating and reducing operations that was in vogue in more recent years.

Griffin Land also has noticed more outsiders among the tire-kickers for its spaces, Lescalleet said, including "an uptick in build-to-suit activity in the 200,000- to 400,000-square-foot range, much of which is from users seeking to enter the Connecticut and New England marketplace." Those include, he said, food and beverage processors/distributors; automotive parts and products; and consumer products.

"The make-up of this interest is increasingly from new users seeking to enter the market vs. existing ones looking to relocate within it; a positive sign for market growth," Lescalleet wrote in an email.

In early February, Griffin executed a long-term lease with Pilot Freight Services, for its relocation from Kripes Road in Granby to the tradeport that straddles Granby and Windsor.

A dozen years ago, Gajewski says it took three months to find the 16,000 square-foot Granby location, because the region's inventory of industrial space was much tighter, plus Pilot needed a specific number of loading bays and high ceilings.

"This time around, it was pretty easy," she said of the space search.

Gajewski said the newer Windsor industrial warehouse is attractive for another reason: Pilot regularly hosts shipping customers and prospects at its facilities.

"We want it to look nice," she said. "We want to impress them." ■

Bank industry backing offers boost to Tolland's Geezeo

By Greg Bordonaro

gbordonaro@HartfordBusiness.com

Endorsements can help politicians build their power and support base, but they can also provide companies a major boost in business.

That's what Tolland-based personal finance management software company Geezeo hopes a recent endorsement by the American Bankers Association provides.

The ABA, which is the largest lobbying arm of the U.S.' small, regional and large banks, recently gave its seal of approval to Geezeo's cloud-based personal and business financial management tools, which allow consumers to track their transactions, categorize expenses, and monitor spending goals.

The technology is sold to banks and credit unions, which integrate the tools into their own online and mobile platforms.

"This is a real nice feather in our cap," said Geezeo co-founder Peter Glyman. "For them to endorse us it's a really big deal. It should open up additional doors for us."

Glyman said credit unions have been Geezeo's largest customers to date, but the company is trying to expand business with community banks, which is why the endorsement offers such opportunity. The ABA searched for a "preferred and trusted" vendor it could recommend to its members and eventually selected Geezeo's technology.

In a statement, Ken Burgess, chairman of ABA's endorsed solutions banker advisory

council, said: "Today's account holders expect a unified anytime, anywhere, any device, integrated experience. We believe Geezeo's [personal financial management platform] is the right strategic choice to deliver top-flight experiences for bank customers."

Geezeo currently has about 350 clients around the country and employs about 30 people in Tolland.

They unveiled a small business version of their financial management software last fall and are focused on selling that to banks and credit unions as well, Glyman said.

Beyond the ABA endorsement, Glyman said he sees significant growth opportunities because he believes personal financial management tools are the next big thing in online and mobile banking. ■

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Businesses face credit cuts, fee hikes

Municipal Aid Funding

Gov. Malloy has largely spared cities and towns from major funding cuts, which should alleviate municipalities' needs to boost property taxes. Here is a breakdown (in millions) of how much money Malloy wants give local governments over the next two fiscal years.

	FY2015	FY2016	FY2017
General gov't	\$500	\$502	\$482
Education	\$3,302	\$3,340	\$3,342
Teachers' retirement contributions	\$1,138	\$1,129	\$1,152

SOURCE: OFFICE OF POLICY & MANAGEMENT

including a few that aim to provide relief to small businesses, but many others that will add to employer's costs.

His plan includes extending indefinitely the surcharge on the corporation tax that was supposed to sunset in July; limiting employer's use of credits and previous years' operating losses to offset future tax obligations; and increasing business registration and trash disposal fees.

Even with Malloy's proposal to eliminate the business entity tax, a \$250 fee companies pay every other year, businesses will pay \$459 million more in taxes and fees in each of the next two fiscal years under the governor's budget.

No stability

Businesses often decry the lack of consistency in state policy, Brennan said, so the continuation of a tax surcharge, which was supposed to sunset, and the rewriting of tax credit rules will only add to their frustration.

Connecticut imposed a 20 percent surcharge on the 7.5 percent corporate tax rate four years ago, with Malloy originally promising to eliminate it in 2013. The surcharge ended up being extended and was again supposed to sunset this coming July.

Under Malloy's budget, the surcharge will continue indefinitely, effectively raising Connecticut's corporation tax from 7.5 percent to 9 percent, Brennan said.

"That would put us in the upper end of corporate tax rates in the nation," Brennan said.

Malloy's budget also reduces the amount of tax credits businesses can claim against their state tax liability from 70 percent to 35 percent. This reduction also applies to healthcare providers that pay the hospital tax. Businesses earn these credits for various activities including research & development and buying equipment.

"The credits aren't going away," Malloy said. "We are eliminating how much you can knock off your tax bill in a given year."

The proposed budget does increase the amount of tax credits businesses can claim against their tax liability to 45 percent in fiscal 2017 and 60 percent thereafter, but given what has happened with the corporate tax surcharge, businesses aren't optimistic that will happen, Brennan said.

Another tax liability change in Malloy's budget is the previous years' loss offset. Right now, businesses can use losses incurred any year in the previous 20 years to offset profits in the current year, in order to reduce their tax liability. Malloy proposes limiting the amount any business can claim to 50 percent of previous years' losses.

"One of the biggest problems with this budget is the tax credit and net operating loss issue," said State Senate Minority Leader Len Fasano (R-North Haven). "This is changing

the rules in the middle of the game for companies that have already invested here and have planned out their taxes."

Tough choices

While Malloy's budget focuses on closing an estimated two-year, \$2.7 billion deficit by cutting social services and raising the tax burden on businesses, he chose not to cut aid to municipal governments, keeping contributions flat at \$4.9 billion for each of the next two fiscal years. Cutting that aid would force many cities and towns to raise property taxes to offset the losses, at a time when the property tax already is the largest tax burden in the state, Malloy said.

"Those increases would have occurred in communities that already have high tax rates," Malloy said.

By not cutting local aid, Malloy also sets the stage for possible property tax reform, as Democratic leadership in the House and Senate have launched several initiatives aimed at regionalizing services and cutting local expenses.

Malloy's budget does contain a \$20 million cut in local aid based off of regionalization efficiencies proposed by House Speaker Brendan Sharkey (D-Hamden), which is a concern to local governments, said Kevin Maloney, spokesman for the Connecticut Conference of Municipalities.

In his budget, Malloy also proposed raising the fees for solid waste disposal from \$1.50 to \$2.50 per ton, which would have an impact on both municipalities and businesses.

"Although we do have some concerns, we are very appreciative of the fact that the governor did not cut state aid in the major categories," Maloney said.

The solid waste disposal fee also would be expanded to include trash that is landfilled and shipped out of state. Currently, it is only collected against trash disposed at trash-to-energy facilities. The increase and expansion is expected to raise annual collections of the fee from \$3.3 million to \$8.6 million.

"It is important to level the playing field to

make sure all the waste is treated the same," said Dennis Schain, spokesman for the state Department of Energy & Environmental Protection. "It also would encourage recycling because no fee would be collected against recycled waste."

Limited liability companies, limited liability partnerships, and limited partnerships will also pay \$80 more each year to file their annual report with the Secretary of the State's office, offsetting some of the benefits from repealing the business entity tax.

A few carrots

Malloy's budget did contain some positives for businesses, specifically the continuation of economic development programs: \$100 million over the next two years for Small Business Express; \$50 million for the Manufacturing Innovation Fund; \$20 million for brownfield revitalization; \$200 million for the Manufacturing Assistance Act and general economic development; and \$5 million for nonprofit and cultural economic development.

"I want Connecticut to have a first-class education system, a first-class transportation system, and a first-class toolbox to help

businesses and the economy grow," Malloy said. "The name of the game is jobs, and these programs help create jobs."

The big ticket item in Malloy's budget is a proposed 30-year, \$110 billion transportation initiative called Let's Go CT! that is designed to create a comprehensive intermodal system with highways, bridges, rail, buses, airports, and seaports. The initiative is kicked off by a five-year, \$10 billion plan to finish the New Haven-Hartford-Springfield rail line and study projects like the I-84 viaduct in Hartford.

Malloy's transportation proposal did not include a way to fund these projects, but he said he will discuss revenue possibilities with the legislature.

Adding tolls is a possibility.

Despite the lack of an exact funding proposal, Brennan said CBIA viewed Let's Go CT! as a positive for the state's business community, as the transportation infrastructure is badly in need of an overhaul.

"That initiative is driven — no pun intended — over the concerns about the economy," Brennan said. ■

A Breakdown of Malloy's Proposed Business Tax & Fee Changes

Gov. Dannel P. Malloy is proposing a host of changes to various fees, taxes, and tax credit programs that will impact businesses. Some changes will help companies save money; many others will force businesses to pay more in taxes over the next two fiscal years.

Here is a breakdown of the various changes and the revenue impact they will have on the state budget.

Sales Tax	FY 2016	FY 2017	FY 2018
Overall rate will drop to 6.2% from 6.35% on 11/1/15	(70.1M)	-	-
Overall rate will drop to 5.95% from 6.2% on 4/1/17		(154.9M)	(\$299.5M)

Eliminate \$50 or under clothing exemption

\$138M \$142.1M \$146.4M

Corporate Taxes

Elimination of the \$250 business entity tax

(\$40M)

Maintaining current 20% corporation tax surcharge

\$44M \$75M \$75M

Limiting use of tax credits to offset corporate taxes at 35% (FY16), 45% (FY17), and 60% (FY18)

\$72.5M \$29.3M \$26.2M

Limit companies' ability to use previous year's net operating losses to offset their corporate tax liability

\$156.3M \$90.1M \$90.1M

Insurance/Film Tax Credit

Maintain cap on film, digital production, reinvestment credits

\$18.7M \$18.7M -

Continue feature film tax credit moratorium

\$4M \$4M -

Malloy's budget also proposes two business fee increases, one assessed by the Department of Energy & Environmental Protection (DEEP) and the other by the Secretary of the State (SOS). The changes include increasing from \$20 to \$100 fees paid by limited liability companies, limited liability partnerships, and limited partnerships when they file their annual reports with the SOS's office. That levy is known as the pass-through entity fee. Malloy also proposed raising the fees for solid waste disposal from \$1.50 to \$2.50 per ton, which would have an impact on both municipalities and businesses.

Fee Increases

DEEP's solid waste disposal fee will increase by \$1 to \$2.50 per ton

\$5.3M \$5.3M \$5.3M

SOS's pass-through entity fee will increase to \$100

\$10M \$12.8M \$12.8M

Malloy is also looking to change some of Connecticut's liquor laws to raise additional state revenue. Changes include expanding liquor store hours to 10 p.m. from 9 p.m. Mon.-Sat., and to 8 p.m. from 5 p.m. on Sundays. Malloy also wants to ease Connecticut's restrictive minimum pricing rules, which require liquor stores to sell their products above what they paid their supplier. The law has been in effect since 1933 to protect smaller merchants from larger competitors that have the ability to buy beer or wine in larger bulks and potentially sell alcohol below cost.

Liquor law changes

Extended sales hours

\$500,000 \$500,000 \$500,000

Revising minimum pricing rules

\$2.8M \$2.8M \$2.8M

SOURCE: OFFICE OF POLICY & MANAGEMENT

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Trevor Dobrowsky



Amy Guay-Macfarlane



Tanya C. D'Addio

Perry runs Wells Fargo Northeast region

San Francisco bank giant **Wells Fargo & Co.** named **Larisa Perry** to head its Northeast region, covering Connecticut, New York and New Jersey.

Perry succeeds Michelle Lee, who was recently named Wells Fargo's leading community bank president for its eastern region.

A 25-year banking veteran, Perry will relocate from Florida, where she served as the company's regional president for central Florida.

American Eagle FCU names new Enfield, Manchester branch managers

American Eagle Financial Credit Union has named new branch managers for its Enfield and Manchester locations.

Tatsiana Bentley has been named branch manager at the Enfield branch and **Neromanie Mocarsky** has been named branch manager for Manchester. Bentley and Mocarsky will guide AEFCU's branch sales initiatives and goals at their respective locations.

Bentley joined AEFCU in April 2005 as an assistant branch manager at the credit union's Pratt and Whitney location. Neromanie has been with AEFCU for 14 years and most recently served as the branch manager of the South Windsor office.

Hartford law firm adds two

Udipe, Kelly & Spellacy P.C. announced that attorneys **Bonnie Kumiega** and **Joshua Devine** have joined its Storrs and Hartford offices.

Kumiega, founder and principal of Somers-based Bonnie D. Kumiega & Associates LLC, will serve as the office leader for UKS' Storrs office and will also continue to serve clients from her Somers location.

Devine was an associate with Bonnie D. Kumiega & Associates LLC where he handled civil litigation, bankruptcy, commercial and residential real estate matters, estate planning, probate administration, and landlord-tenant disputes. He will practice in UKS' Hartford and Storrs offices.

Stifel Marcin adds marketing copywriter

Glastonbury marketing agency **Stifel Marcin** has hired **Nan Price** as an in-house marketing copywriter.

Price joins Stifel Marcin from Circuit Cellar magazine, a monthly digital and print publication, where she served as associate editor for four years.

UConn Health adds two

Rheumatologists **Dr. Kristin Logee** and **Dr. Ranadeep Mandhadi** have joined UConn Health.

Logee and Mandhadi are members of the American College of Rheumatology and will see patients at UConn Health in Farmington.

CFDA names 2015 president

Howard K. Hill has been installed as the 2015 president of the **Connecticut Funeral Directors Association**.

Hill is a licensed funeral director and the founder/owner of Howard K. Hill Funeral Services with locations in New Haven and Hartford.

Hill has served four terms on the executive committee of the CFDA, most recently as the association's vice president.

He succeeds Stephen M. King as the leader of the statewide professional association.

NBC Connecticut adds two reporters

NBC Connecticut / WVIT announced that **Christiane Cordero** and **AJ Walker** have joined its Troubleshooters investigative unit.

Cordero worked as a producer in the Troubleshooters unit for a year and a half before becoming a reporter. Walker joins NBC Connecticut from WTNH/News 8. She was also previously a reporter in Cincinnati, Ohio and Charlestown, S.C.

Mintz + Hoke names senior art director

Avon communications firm **Mintz + Hoke** has promoted **Trevor Dobrowsky** to senior art director. Previously he was art director.

In the expanded role, he is responsible for developing and executing ideas to support communication strategies for clients including DRS Technology Inc., Finmeccanica, CTfastrak and UConn.

Avon finance firm adds one

Avon finance firm **Pioneer Financial Group** has hired **Tom Mazzochi** as an associate and as a financial advisor with Securian Financial Services.

Before joining Pioneer, Mazzochi was a financial services manager and assistant vice president at People's United Bank in West Hartford.

Whittlesey & Hadley promotes one

Hartford independent accounting firm **Whittlesey & Hadley P.C.** announced that **Brian Kerrigan** has been promoted to tax director.

Kerrigan joined Whittlesey & Hadley in February 2013. He is a member of the firm's real estate group and leads its closely held business group. He also serves on the small business advisory council of the Connecticut Business Industry Association (CBIA).

Ädelbrook appoints education VP

Nonprofit agency **Ädelbrook Behavioral and Developmental Services** has named **Amy Guay-Macfarlane** vice president of education.

In her new position, Guay-Macfarlane will oversee the agency's three learning centers and two transitional academies in Cromwell, Manchester, East Hartford and Middletown.

Guay-Macfarlane joins Ädelbrook from Futures Education/Futures HealthCore where she was the senior vice president of metrics and accountability.

Connecticut Wealth Management promotes director

Investment advisory firm **Connecticut Wealth Management LLC** has promoted **Tanya C. D'Addio** to director.

D'Addio was previously the firm's wealth services manager where she was responsible for the delivery of client services, enhancing the client experience, and maintaining company culture.

NONPROFIT NOTEBOOK

NONPROFIT PROFILE

CT Bar Foundation

31 Pratt St. Suite 420, Hartford | CTBARFDN.org

MISSION

To develop and administer programs to enhance understanding and improvement of the law.

TOP EXECUTIVE

Sandy Klebanoff, Executive Director

SERVICES

Programs and funding that supports access to legal services for the poor.

2013 SUMMARY

	2013	2012
Total Employees	7	8
Total Assets	\$8,196,519	\$8,320,451
Total Liabilities	\$41,263	\$73,044

REVENUES

Contributions & Grants	\$13,526,907	\$10,515,478
Program Service Revenue	\$2,455,336	\$4,176,824
Investment Income	\$146,724	\$203,016
Other	\$0	\$0
TOTAL	\$16,128,967	\$14,895,318

EXPENSES

Grants	\$15,662,008	\$13,841,672
Member Benefits	\$0	\$0
Salaries/Employee Benefits	\$518,219	\$499,219
Fundraising Fees	\$0	\$9
Other	\$203,325	\$273,734
TOTAL	\$16,383,552	\$14,614,625
MARGIN	\$(254,585)	\$280,693

TOP PAID EXECUTIVES (2013)

	Base Salary	Total Compensation & Benefits
Sandy Klebanoff , Executive Director	\$135,538	\$154,937
Elizabeth Drummond , Assistant Director	\$104,567	\$134,320
Anne Goico , Finance Director	\$74,062	\$101,297

SOURCE: GUIDESTAR IRS 990 TAX FORM



Vincent Santilli, executive director of People's United Community Foundation, presents a \$25,000 grant to Lisa Tepper Bates, executive director of the Connecticut Coalition to End Homelessness, for the "be home-ful" project.

People's United Community Foundation has awarded a **\$25,000** grant to the **Connecticut Coalition to End Homelessness** (CCEH) to kick-start the "be home-ful" project, which is a campaign to raise awareness and funds to end family homelessness in Connecticut.

The Anthem Blue Cross and Blue Shield Foundation awarded a **\$50,000** grant to **Wheeler Clinic** to support its community health outreach efforts at the agency's Health & Wellness Center in Bristol. Wheeler opened the Health & Wellness Center in 2013 to help address community needs and has developed a multi-level strategy for outreach, providing education, health promotion activities and assistance accessing health insurance and specialty care.

The American Savings Foundation has awarded a **\$50,000** grant to **Operation Fuel** to provide emergency energy assistance for residents of New Britain and Waterbury.

Operation Fuel provides emergency energy assistance throughout Connecticut to lower-income working families and individuals, the elderly and disabled individuals who are not eligible for energy assistance from government-funded programs.

Berkshire Bank Foundation awarded a total of **\$1,518,133** in grants to nonprofit organizations in Massachusetts, New York, Connecticut and Vermont during 2014. The grants supported education and community development initiatives as well as health and human service and cultural programs. In addition, Berkshire Bank provided **\$500,622** in community sponsorships, raising Berkshire's total contributions in the community to over \$2 million.

The Nutmeg Foundation awarded **\$20,000** to the **Hartford Public Library** to fund a new Online High School Diploma pilot project. The pilot will provide online high school classes to a cohort of 10 Hartford students as a more flexible and accessible alternative to the traditional GED test. The project will build on the library's existing volunteer tutor mentoring program by assigning tutors to work with students on topics like math, where the presence of a teacher or guide is often required.

TOWN PROFILE

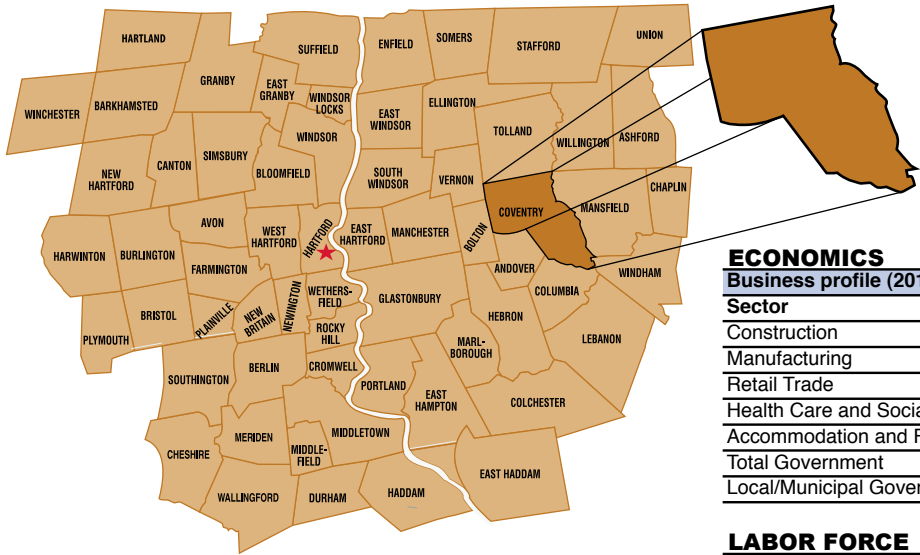
Land area (sq. miles)	38
Pop./sq. mile (2011)	330
Median age (2011)	43
Households (2011)	4,653
Median HH Inc. (2011)	\$92,308

Population (2012)	
2000	11,504
2010	12,354
2012	12,445
2020	13,026

Race/Ethnicity (2012)	
White	11,880
Black	80
Asian Pacific	241
Native American	23
Other/Multi-race	220
Hispanic	298

HOUSING	
Housing stock (2012)	
Existing units (total)	4,879
% single unit	92.3%
New permits auth. (2012)	24
as % existing units	0.49%
Demolitions (2012)	3
Residential sales (2011)	80
Median price	\$225,000

Top 5 Employers	
East of River Veterinary Emergency	
Captain Nathan Hale Middle	
Coventry High School	
George Hershey Robertson School	
Highland Park Market	



COVENTRY

Town Hall: 1712 Main Street
Coventry, CT 06238
(860) 742-7966

ECONOMICS		
Business profile (2013)		
Sector	Units	Employment
Construction	40	109
Manufacturing	6	51
Retail Trade	20	238
Health Care and Social Assistance	15	127
Accommodation and Food Services	13	156
Total Government	11	441
Local/Municipal Government	10	438

LABOR FORCE			
Commuters (2011)			
Commuters into town from:			
Coventry	495	Tolland	39
Manchester	93	Columbia	28
Windham	63	Ellington	22
Mansfield	55	East Hartford	22
Vernon	48		

Labor Force (Residence)		7,042
Employed		6,544
Unemployed		498
Unemployment Rate		7.1%

Place of Work (2013)	
# of units	194
Total Employment	1,404
Manufacturing Employment	51

TOP 5 GRAND LIST		
Company	Amount	% of Net
Connecticut Light and Power	\$9.4M	3.5%
Coventry Funding	\$2.9M	1.8%
White Mountain-Coventry LLC	\$2.7M	0.8%
CIL Development of Coventry Inc	\$2.1M	0.7%
Algonquin Gas Transmission Co	\$2.1M	0.5%

Source: Connecticut Economic Resource Center, www.cerc.com

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Date: March 11, 2015

Awards Dinner: 5:30pm-9:00pm

Connecticut Convention Center

400 Columbus Boulevard, Hartford

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February 23, 2015 • HARTFORD BUSINESS JOURNAL 19

EDITORIAL

Malloy's budget offers good, bad, and uncertainty

Gov. Dannel P. Malloy's two-year, \$40 billion budget offers a mixed bag for businesses. While the second-term Democrat offered a few carrots that aim to sweeten businesses' appetite to the spending plan, numerous proposals will increase the cost of doing business in Connecticut.

Here's an assessment of the good, bad, and uncertainty created by Malloy's budget.

The Good

Small employers have long abhorred the \$250 business entity tax, levied by the state every two years. Malloy is proposing to eliminate the tax, providing minor relief. However, Malloy's budget also calls for increasing from \$20 to \$100 fees paid by most companies that file annual reports with the Secretary of the State's office. That will reduce the tax cut's overall impact.

Municipalities were largely spared from major funding cuts, making property tax increases less likely. Malloy also avoided introducing new business taxes, and he left most tax credit programs intact. Hundreds of millions of dollars have also been set aside for economic development initiatives ranging from brownfield revitalization to providing cheap capital to manufacturers.

The Bad

During last year's election, Malloy promised not to raise taxes to close projected billion-dollar deficits, but his budget clearly falls short on that promise. Among his ploys to raise revenue Malloy wants to indefinitely extend the 20 percent surcharge on the corporations tax and limit the use of credits businesses can use to offset that tax.

The Connecticut Business & Industry Association said Malloy's budget will make Connecticut less competitive, and we agree with that. Connecticut already is a high-cost place to do business, and Malloy's budget only adds to that.

To be fair, Malloy faced difficult decisions. He could have slashed municipal aid, likely forcing many cities and towns to raise property taxes. And at least one UConn economist warned any serious government belt tightening could severely damage Connecticut's recovery and hinder long-term job growth.

Malloy may have been caught between a rock and a hard place, but the budget reflects his view that state government must play a significant role in citizens' lives. We think that role is too big.

The Uncertain

The business community has offered strong support for making transportation investments, and Malloy pitched an ambitious agenda, including spending \$10 billion over the next five years on various bridge, highway, and rail projects. Long-term, Malloy wants to spend \$100 billion over 30 years on highways, rail, bicycle paths, airports, and seaports.

The problem is Malloy has not identified the source for a significant chunk of the future funding. That is huge cause for concern for businesses, which already expressed reservations about adding tolls to Connecticut highways. Malloy's budget chief Ben Barnes said tolls are possible, but he didn't rule out raising other state taxes to pay for infrastructure investments.

The business community believes the state needs to invest in a modern, 21st century transportation system that safely and efficiently moves goods and people throughout Connecticut, but at what cost? If the state adds tolls and a host of other tax and fee increases to pay for Malloy's ambitious plan we could just end up building bridges and roads companies use to move their operations to lower-cost destinations. ■

OTHER VOICES

Intellectually disabled offer manufacturers workforce solution

By Stephen E. Morris

"Manufacturing in Connecticut is dead!" That's a phrase that was heard for many years in and around the Nutmeg State. The word was that manufacturers were moving their operations offshore. However, a recent report by the U.S. Census Bureau has demonstrated that manufacturing is again gaining a strong foothold, particularly in Hartford County. According to the report, Hartford County has a healthy 1,261 manufacturers employing a sizeable 57,000 workers.

Don Klepper-Smith, chief economist of DataCore Partners, calls manufacturing the "primary engine of economic growth" in Connecticut, but adds that the issue is how to keep that engine firing on all economic cylinders.



Stephen E. Morris

One growth strategy that some Connecticut manufacturers are using is hiring people with intellectual or developmental disabilities (IDD). People with even significant IDD can do complex and routine jobs leaving higher skilled and educated employees to focus on aspects of the job more fitting to their pay grade. This is a cost effective and strategic advantage that is catching on.

Organizations like Favarh — the Arc of the Farmington Valley — provide manufacturers with crews of four or five workers and a job coach to do complex yet routine assembly tasks like creating slat carriers at Trumpf, the large manufacturer of industrial lasers in Farmington; assembling intricate boxes at Rowley Spring and Stamping Corp. in Bristol; packaging electrical boxes and attaching gaskets to sheet-metal components at Legrand Wiremold in West Hartford; and packaging specialty "brushes" into cellophane bags at Microcare in New Britain.

Other manufacturers like Reliable Spring in Bristol outsource tasks to workers with IDD like inserting tiny screws into battery connectors used in the lights on miners' helmets around the globe.

The key is that all these tasks are both complex and routine, making them ideal for some IDD workers. Organizations that support workers with IDD work hard to match the right workers to each employer and teach the necessary skills, steps, and techniques; sometimes modifying the space or creating workarounds to allow for efficient work flow.

Once taught, these workers become productive employees, often proving to be more reliable and more enthusiastic than their coworkers without disabilities.

Heather Gombos, vice president of business operations at Microcare, noted that her company just recently started using a crew of workers with IDD, but already she is seeing results.

"It has allowed us to better utilize our existing staff on more intricate work. It means we don't have to hire temp workers to do the more routine, repetitive work," she said. "Meanwhile, we ship our products all over the world so the things they touch here in New Britain will be used in manufacturing plants in places like China, Brazil and Germany. They are very enthusiastic when they come to work and that enthusiasm is infectious."

Bill Joyce, personnel and accounting manager at Rowley Spring, said the crew that works at his company, "lights up the room every day with their energy and their enthusiasm. We watch them grow, interact, learn and have fun. We are delighted with their influence on our organization and our culture. They are proud of their achievements and their contributions to our business. We all feel lucky to have them as part of the Rowley family."

Mike Kijak, plant manager of Legrand Wiremold, said the cost effectiveness of employing workers with IDD, coupled with their ability to master repetitive tasks, plus their sincere enthusiasm, makes the arrangement very worthwhile.

"Using our crew to do the repetitive aspects of our operation isn't just cost effective; it gets the job done in a way that boosts everyone's spirits," he said. "Every time you go into a store like Home Depot to buy something like a Wiremold electrical box, you're buying a product that was partially assembled and packaged by a worker with intellectual disabilities."

People with IDD work in manufacturing and a wide variety of other industries throughout Hartford County and many work independently and competitively. They are contributing employees, community volunteers, neighbors, and friends. They have so much to contribute and when given the chance, they are eradicating erroneous and antiquated stereotypes.

Hartford County manufacturers are clearly the powerhouse behind economic growth. Some of them, the smart ones, are also driving internal diversity in ways that boost efficiencies, improve morale, and increase productivity. Hiring people with intellectual and developmental disabilities isn't just good will, its good business. ■

Stephen E. Morris is the executive director of Favarh — The Arc of the Farmington Valley — headquartered in Canton.

HARTFORDBUSINESS.COM POLL

Will Gov. Malloy's two-year budget hurt or improve CT's business environment?

- ☐ Hurt
- ☐ Improve
- ☐ Minimal impact

To vote, go online to HartfordBusiness.com.

Last week's poll results:
Is hiring a nonviolent ex-convict a good idea?

77.3% Yes, as long as they are productive.
22.7% No, it's too risky.

Send Us Your Letters

The Hartford Business Journal welcomes letters to the editor and guest commentaries for our opinion pages. Electronic submissions are preferred and welcome at: editor@HartfordBusiness.com. Or you may fax submissions to Editor, Hartford Business Journal, at (860) 570-2493.

TALKING POINTS

Spot crises today, or they'll run you over tomorrow

By Andrea Obston

Crisis happen. And the ones that are the toughest to recover from are those that smolder for a while before they catch fire.

Consider the 11 years that GM's ignition switch situation simmered while management chose to ignore it; or the NFL's silence on player concussions. There was also the 13-year gap between initial investigations of Jerry Sandusky's conduct with young boys and his ultimate arrest in 2011.

Where were those in authority while these situations smoldered, gained oxygen and ultimately turned into reputation infernos? Who knew and when? And why didn't they take action? Because they believed their organizations could do no wrong. Hubris, my friends, often wins out over common sense when it comes to spotting crises.

The truth is that most crises — two-thirds of those over the last 10 years — are slow growing incidents that are so low probability that managers refuse to acknowledge they could happen. But these low probability incidents carry high impact. They do significant



Andrea Obston

damage to reputations and are much tougher to recover from.

Consider the concussion issue: For over 20 years the NFL has sponsored studies about the long-term damage of repeated concussions among their players. These studies were often contradictory. However, by 2010, the NFL finally acknowledged that many of its ex-players were suffering from progressive degenerative diseases brought on by multiple concussions and other forms of head injuries.

Meanwhile, participation in organized football is shrinking among players ages six through 14. It went down almost 5 percent between 2008 and 2012. In addition, nearly half of parents in a recent AP poll said they were not comfortable letting their children play football because of concussion concerns. And if you don't play a sport, you're less likely to watch it. Football is already seeing the impact of this festering crisis on its fan base. Millennials aren't attending college games or watching the NFL the way they used to.

Here's the deal: If you don't spot and extinguish a crisis that starts as a "fire in the wastebasket," it's going to be much tougher to fight it when it's a forest fire.

That's where crisis spotting comes in. Whenever we do a crisis plan for a client we make them go through an exercise that requires them to envision the worst. Why? Because if you open the door to the possibility that bad things might

► **The truth is that most crises — two-thirds of those over the last 10 years — are slow growing incidents that are so low probability that managers refuse to acknowledge they could happen.**

happen, someone is more likely to identify a crisis in-the-making early on.

Here's how the exercise goes: We gather a sampling of people from the organization from management to front-line customer contacts. We ask them to imagine possible activities that could affect their business badly. We offer them various categories of crisis: those involving management, volunteers, employees, the regulatory environment, even the community in which their business operates. We ask them to stretch and use their imaginations. Could the president embezzle funds and bankrupt the company? Could their main plant be hit by a hurricane? Could regulators impose stricter standards on the company's most profitable product?

Then, we assign a vulnerability index to each scenario to help us prioritize them. The vulnerability index is the product of the likelihood of the incident (on a one-to-10 scale) multiplied by the impact it could have (also one-to-10).

In the embezzlement example, here's

how it would work: There's a small, but still possible likelihood that the company's new president could embezzle funds. We'll give that a two on the likelihood scale. But, if it did happen, that would have enormous impact on the company's reputation, so let's give that an eight. That makes the vulnerability index a 16 (2 X 8).

If the plant is in Florida, the likelihood of a hurricane is more like a 10, but the impact will only be a three since it's a known risk in the Sunshine State. This crisis gets a 30 on the vulnerability scale and should get more attention early on than the embezzlement possibility.

Envisioning failure seems like something that would offend the Oprahs and Deepaks of the world, but it's a necessary step in building a crisis plan that protects a company's reputation.

Do it before you need to. ■

Andrea Obston is president of Andrea Obston Marketing Communications in Bloomfield.

BIZ BOOKS

Dismantling roadblocks to continuous improvement

“How to Succeed with Continuous Improvement — A Primer for Becoming the Best in the World” by Joakim Ahlström (McGraw Hill Education, \$23).

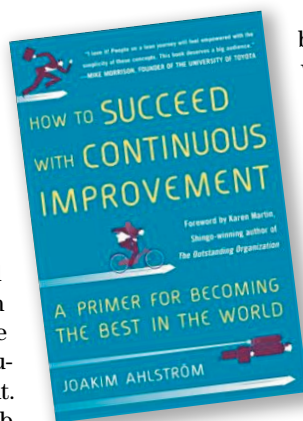
Toyota defines a problem as “the gap between where you were and where you wanted to be.” It defines an improvement as “a problem solved.” Sounds simple. It isn't. Why? Small problems often fly under the radar. Action is taken when the problem becomes too big to ignore. At that point, the firm faces urgent improvement, which delays other projects because the fix diverts people, time and money away from them.

If dealing with the small issues was thought of as an ongoing part of closing the aforementioned gap, continuous improvement would result. It would also minimize problems down the road.

Ahlström believes that three things get in the way of continuous improvement:

1. The lack of micro feedback. Company results are posted on a macro basis. Employees don't see how they affect the results. As a result, they disengage. The fix: weekly departmental meetings (15-20 minutes max) that allow employees to talk about progress and obstacles. By discussing obstacles, groupthink can find solutions.

2. Unnecessary hassle. How many hoops do people have to jump through to get something done? Procedures are often roadblocks to progress. Procedures need to



be relevant to how you plan on working, not to how you worked in the past. Layers of decision-making add to employee disengagement, too.

3. Internal customers. Colleagues are creators and end-users of work product. Think of them as suppliers and users of information. Just like your ultimate customer, they must have their needs met. Appreciating their varying perspectives will improve collaboration and create solutions.

Key takeaway: To bridge the gap and solve your problem, managers and their teams have to constantly ask and answer three questions: 1. Where are we? 2. Where are we going? 3. How are we going to get there? Hint on the answer to 3 — do something different or do some things differently.

“Nothing But the Truth: Secrets from Top Intelligence Experts to Control Conversations and Get the Information You Need” by Maryann Karinch (Career Press, \$15.99).

Many people are afraid to tell the whole

► **Procedures are often roadblocks to progress. Procedures need to be relevant to how you plan on working, not to how you worked in the past. Layers of decision-making add to employee disengagement, too.**

truth because they fear reprisal, or are too embarrassed to admit they did something wrong. Rather than accepting responsibility, they make excuses and blame others. Managers can ill afford anything but the truth. Bad information leads to bad decisions.

Karinch discusses three steps to discerning the truth.

1. Never use fear as a motivation for your conversation. If you do, the responses will always be guarded, and subject to errors of omission.

2. Establish rapport. Once established, trust and respect follow — and so does the truth. You can break anyone's ice with open body language (e.g. smiling when speaking, maintaining eye contact, not folding your arms, etc.). Asking open-ended questions and listening intently shows your interest in the person and their information.

Knowing things about someone opens their doors, too. Observation and their colleagues are prime sources. In today's connected world, a Web search yields

tons of useful information, too.

3. Motivating conversation. Playing off of your open-ended questions and listening, move the conversation along by providing incentives to speak truth. Pique their curiosity by asking questions that suggest you know something that the other party would like to know more about. This prompts their interest in the topic and deepens the conversational bond.

Flattery can be useful, too. By boosting someone's self-esteem, you're building respect. When people believe their information and opinions are valued, they provide more candid answers.

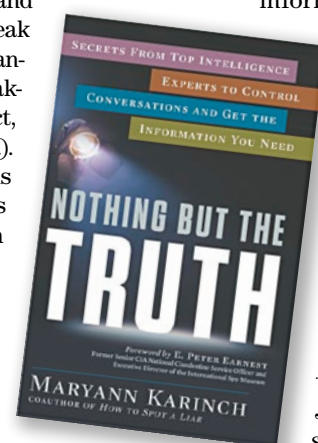
Silence motivates, too. Occasionally, create conversational tension by remaining silent while maintaining eye contact. The other party will begin speaking to re-establish the connection.

The bottom line: The deeper the conversation, the more likely you'll find the truth. ■

Jim Pawlak is a nationally syndicated book reviewer.



Jim Pawlak



OF NOTE

MCC PRESIDENT GLICKMAN NAMED TO NATIONAL COLLEGE ASSOCIATION BOARD



Gena Glickman

The **Association of American Colleges and Universities (AAC&U)** has named **Manchester Community College President Gena Glickman** to its board of directors.

AAC&U is the leading national association concerned with the quality, vitality and public standing of undergraduate liberal education.

Glickman was named the fifth president of Manchester Community College in 2008.

Previously, she was vice president for teaching, learning and student development at Elgin Community College, a large comprehensive community college west of Chicago.

...

QUINNIPIAC PROFESSOR NAMED AMONG 50 MOST INFLUENTIAL LATINOS IN CONNECTICUT



Rowena Ortiz-Walters

Latinos United for Professional Advancement has named **Quinnipiac University** business professor **Rowena Ortiz-Walters** one of the **50 Most Influential Latinos in Connecticut for 2014**.

Ortiz-Walters, who is chair of the management department in the Quinnipiac University School of Business, was nominated for being the co-founder and co-director of the Center for

Women & Business at Quinnipiac. The center is dedicated to addressing concerns faced by women in a professional capacity.

Ortiz-Walters, who joined the Quinnipiac faculty in 2004, earned her Ph.D. in management from the University of Connecticut. She has served as department chair since 2012.

...

KEILER RECEIVES PRESTIGIOUS CERTIFICATION

Farmington advertising agency **Keiler** was recently certified by the **Women's Business Enterprise National Council** through the Center for Women & Enterprise.

WBENC is the nation's leading advocate and largest third-party certifier of businesses owned and operated by women in the United States.

This certification means that Keiler will be recognized more prominently when it comes to competing for opportunities offered by organizations with supplier/vendor diversity programs, including government organizations and corporations.

...

S/L/A/M CONSTRUCTION SERVICES PROJECTS EARN HIGH HONORS FROM ABC CT CHAPTER

The **S/L/A/M Collaborative** and **S/L/A/M Construction Services**, based in Glastonbury, were among those recently honored by Connecticut Associated Builders and Contractors at its 2015 Excellence in Construction awards dinner.

S/L/A/M Construction Services was honored with the Best in Show Award for its work on the music department and Mattison Auditorium renovations at Kent School in Kent.

The S/L/A/M Collaborative also took first place for Institutional Projects for its work on the H.H. Ellis Technical High School in Danielson.

Please Note: All electronic submissions for Accolades should be sent to accolades@HartfordBusiness.com. For more information about the Hartford Business Journal's Accolades Page, please visit www.HartfordBusiness.com.

MIDDLETOWN ENGINEERING FIRM COLLECTS OVER 13,000 FOOD DONATIONS



Employees from Middletown-based **Consulting Engineering Services** collected more than **13,063 food items** and over **\$3,500** to win **The Salvation Army's annual Architects and Engineers Can Challenge** contest. The winner was determined by dividing the amount of cans and cash collected by the number of participating employees. Consulting Engineering Services has participated in the program since 1997. Over 96,000 cans and approximately \$14,000 have been collected by CES employees during this time.

MURTHA CULLINA ATTORNEY VOLUNTEERS FOR JUNIOR ACHIEVEMENT



Murtha Cullina LLP Partner Ted Whittemore recently volunteered for **Junior Achievement of Southwest New England** by teaching first graders at the **Norrend Elementary School** in New Britain. Whittemore is a member of the JA Executive Committee.

SIMSBURY BLOG, HEALTH TRAINERS DONATE SPORTS EQUIPMENT TO BOYS & GIRLS CLUBS OF HARTFORD



Simsbury blog, **Runitlikeamom**, donated dozens of basketballs, hula hoops and sports equipment to **Boys & Girls Clubs of Hartford** as part of its **Jolly Kids Holiday Gift Drive**, organized in partnership with **M.E.L.T. (More Energy, Less Time)** Simsbury, a fitness team focused on small and large group personal training sessions for busy adults. All of the items were distributed to four Boys & Girls Club sites in Hartford to support Healthy Habits programs for Club members.

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Swam nonstop from
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a shark cage



Cheryl Strayed
Extreme solo hiker
Acclaimed author of ***WILD***,
best-selling book that's
now a blockbuster movie



Paul Nicklen
Visionary photojournalist
Explores the world's
most remote places
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Moderated by journalist & author **Alison Stewart**

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Kaden's family is just one of thousands of families you touched through the 2014 United Way Campaign. Thanks to you, we raised:



\$24,000,000 and counting!

United Way's fifth annual *Best Of Awards* celebrates outstanding participation in the United Way Campaign and throughout the year. To see this year's nominees and winners, visit unitedwayinc.org/bestofwinners.

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